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MEMORANDUM FOR: Executive Director, NPIC

SUBJECT : Definition of Management Information Needs, Reassessment  
of the Management Information System (MIS), and  
Consideration of Alternatives

1. Early in March, you directed the PPB Staff to "define management information needs, reassess the need for the MIS, and consider alternatives". The attached preliminary study will bring you up to date on the progress made so far toward these objectives, and will illustrate that we have reached a point at which a further course of action should be considered.

2. As a first step, the Groups, the PPB Staff, and the Production Management Board were asked to furnish representatives to work with the Project Officer, [REDACTED] Through this mechanism, terms of references and certain questions on the current MIS and management information needs in general were posed to the Groups, Staff, and PMB.

3. In addition, other approaches to information systems were looked at and considered, such as the [REDACTED] PROMPT system, the UAC UAIMS development, the DOD project PRIME, the O/PPB study on a PPB Information System, the DD/S SIPS program, and so forth.

4. The MIS subject is complex and has a number of ramifications beyond the System itself. Therefore, this study, particularly the Main Report, covers a number of areas which might not appear, at first glance, to be overly germane or which may seem more academic than practical; however, this approach is necessary to put the subject in proper perspective and to establish a logical and understandable basis from which to proceed.

5. Six appendices are attached to supplement and document the Main Report. One of these, Appendix D, Management Information and Planning and Control, is taken, with modification as needed, from a publication by Robert N. Anthony, former Assistant Secretary of Defense Comptroller and Harvard Graduate School of Business Administration Professor of Management Controls. The purpose is not to invoke an aura of unchallengeable expertise, but to save time and effort in providing that framework and common language essential to consideration of the problem, now and in the future. It is also hoped that this framework can be useful as a starting point in viewing Center activities for purposes other than this study.

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6. As a result of this preliminary effort, the following conclusions have been reached:

a. Since the overall "value of information" always is difficult to quantify, the judgment as to the further course of action must be largely subjective in nature.

b. The Center should not reject the concept of a centralized, automated information system; it is doubtful that other means either would be capable of meeting information requirements or would be less costly in the long run.

c. Merely asking management what it needs, which was done in the course of this study, is not an adequate basis on which to predicate an information system, because the legitimate information needs cannot be determined satisfactorily in this manner.

d. Detailed definition of legitimate management information needs is an extremely difficult and time-consuming undertaking; determining the information actually required for decision-making lies at the heart of the problem. In addition, the information demanded by external authority and certain routine accounting data must be incorporated. Such a comprehensive analysis requires that a thorough, definitive, and objective study, embracing the entire Center, be performed in a formal and rigorous manner by the best assets which can be brought to bear. This is necessary lest the MIS mistakes of the past be repeated.

e. Therefore, this Staff, with your approval, will proceed with the following actions:

(1) As an interim measure, upgrade the current MIS at minimum dollar and manpower cost.

(2) Undertake an in-house study, with contractual assistance as needed, to define explicitly management information needs and external information requirements and develop a systems concept to meet their needs and requirements. ✓

(3) Generate specifications for alternative systems capable of fulfilling the stated needs and requirements, subject these alternatives to cost/effectiveness evaluation, and present the results for executive decision.

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(4) Following selection of the appropriate alternative, undertake detailed, in-depth analysis, followed by systems design, programming, installation, test, and implementation.



Chief  
Planning, Programming & Budgeting Staff

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